

Performance Based Logistics

Today's Supply Support for Military Systems



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Today's Supply Support Issues

- The Fast Pace of Technology Has Been Driven by Several Factors in the Last 20 Years:
 - Global Competition / Foreign Supply Sources
 - Deregulation of Transportation
 - Technology and the Information Age
 - Increase Demand for Customer Satisfaction
 - Better, Faster, Cheaper
 - Economic Factors

Result

- Focus on Competitive Advantage by:
 - Reducing Logistic & Supply Chain Costs
 - Core Competencies
 - Managing Technology Trends
- Partnerships, Alliances and Outsourcing:
 - Long-Term Contracting
 - Third Party Logistics Providers
 - Performance Based Contracting

Performance Based Logistics (PBL) in DOD

- Changes in Military Defense Budgets
- Focus on Life Cycle Costs (LCC)
 - Operation & Support Costs Make Up 70% of LCC in Military Systems
- Acquisition Reform Implemented Introducing:
 - Performance Based Contracting
 - Best Practices
 - Defense Acquisition Training
 - COTS Utilization

PBL Philosophy

- NAVSUP / NAVICP's Role in Performance Based Contracting
- Driven by Acquisition Reform (Shrinking \$, COTS Insertion & Use of Best Practices)
 - Supply Chain Mgmt & Production Best Practices
 - Benchmarking
 - Strategic Procurement, Supplier Segmentation
 - Activity Based Costing
 - Performance Metrics
 - Supply Market Management
 - Strategic Partnerships
 - Cross Functional Processes

History of PBL

- Initially Called Direct Vendor Delivery by NAVSUP / NAVCIP
- NAVSUP Changed to Performance Based Logistics (PBL) in Jan 00
 - DVD Contracts Still Used by Defense Logistics Agency (DLA)
- Under Sec of Defense Signed Memo Dtd 13 Feb 02 to All Asst Sec of the Military, Mandating PBL Implementation Schedules For All New Weapon Systems and ACAT I & II Fielded Systems

Future of PBL in DOD

- Total Life Cycle Systems Management (TLCSM) Effort within the DOD's Future Logistic Enterprise Designating the Weapon System Program Manager Responsible as the Life Cycle Manager (Acquisition & Sustainment)
- DOD is Revising 5000-Series Policy
- DOD is Creating PBL Guidance for All Services (Nov 02)

Performance Based Logistics (PBLs)

Definition: A single supplier (contractor or organic) provides material to meet a customer's requirements without the intervention of, or need for NAVICP inventory managers, FISC storage & material handling while *providing increased product availability, reliability, technology insertion, and obsolescence management at a lower total cost to the Fleet Customer and the Navy.*

Purpose:

- Reduce Inventory Investment
- Reduce Infrastructure
- Improve Availability
- Improve Reliability
- Reduce Cycle Times
- Enables One Touch
- Reduces Total Ownership Cost

A Change in Responsibility



NUWC Keyport's Role in PBL

- FY03 PBL-O Facility for 2 Legacy Equipment Systems and 1 COTS Based System
- Reviewing Several Other Roles
 - Obsolescence Partnerships in PBL-P with Private Industry
 - PBL Consultant

Carrier Vessel-Tactical Support Center (CV-TSC) Legacy PBL-O

Utilizes:

- Reutilized Sponsor Owned Material (SOM) Assets
- NAVICP \$\$
- CV-TSC Technicians
- Keyport Depot Processes

To Produce: “A” Condition Material

- QA, Functional Testing, Packaging, Marking

CV-TSC COTS Based PBL

- Stock Level Supported Mostly Through Procurement
- Functional & Compatible Testing Required on Identified Components
- Identified Components Will Have Spec Drawings Assigned for Unique Stock #S
- Obsolescence Monitored by COTS Supportability Team

COTS Supportability Team

- Requires Cross Functional Team
- Review System to Component Level for COTS Support & Obsolescence
- Review Obsolescence Options
 - Aftermarket Sources
 - Look for Compatible Substitutes
 - Life of Type/Bridge Buys
 - Partner w/ Sunset Supply Base(SSB) Team (NSWC Corona)
 - Redesign/Tech Refresh

Summary

PBLs and the Customer

PBLs Result in Reduced Cost and Improved Responsiveness, Reliability and System Support

PBLs Achieve Improvement Through Incentives or Knowledge to Reduce ALT, PALT and TATs

Material Delivered Direct From Vendors or Facility, Often Before Status Is Posted

Bottom line – Material Delivered Faster and Cheaper Than Traditional Support

Note: Requirements constantly changing!!!

Navy Inventory Control Point Asset Visibility System

NIIN: 014692874

NAVICP Data Base: WSF

***This NSN is PBL-C managed material.
Assets may not be visible to the Supply System.
Submit requisition via normal MILSTRIP***

AAC= H

Do not local open purchase.



Fleet Support Through Supply Support Partnerships...

